

PUBLIC DISCLOSURE

July 15, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

EQUITABLE CO-OPERATIVE BANK

Certificate # 26453

**400 BROADWAY
LYNN, MASSACHUSETTS 01904**

Division of Banks

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<p>NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Equitable Co-operative Bank (or the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies as of **July 15, 2013**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division’s regulation 209 CMR 46.00. The FDIC rates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC’s Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The rating is supported by the following conclusions:

Loan-to-Deposit Ratio

The loan-to-deposit (“LTD”) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and assessment area credit needs. The Bank’s average net LTD ratio over the 20 quarters since the prior FDIC CRA evaluation, dated April 28, 2008, was 80.8 percent.

Assessment Area Concentration

A majority of the Bank’s home mortgage loans by number were outside its assessment area; however, a majority of home mortgage loans by dollar volume were inside its assessment area. During 2011 and 2012, 45.8 percent of the number of home mortgage loans, and 52.3 percent of the dollar volume of home mortgage loans were made inside the assessment area. Despite the percentage, the Bank achieved a market rank of 15th out of 243 lenders in the assessment area. Additionally, the trend, by number of loans, improved from 2011 to 2012.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The Bank made no loans in the low-income tracts in 2011, and was slightly below the aggregate in the moderate-income tracts. The number and percentage of loans in the low- and moderate-income tracts increased in 2012.

Borrower Characteristics

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income). In 2011, the Bank’s performance in lending to low-income borrowers was lower than the performance of aggregate lenders, while its performance in lending to moderate-income borrowers exceeded the

aggregate market. Once again, the Bank's performance improved in 2012, as the number of loans and percentage of loans to low- and moderate-income borrowers increased from 2011.

Response to Complaints

Equitable Co-operative Bank did not receive any CRA-related complaints during the period reviewed.

SCOPE OF THE EXAMINATION

This evaluation assesses Equitable Co-operative Bank's CRA performance utilizing the interagency small bank examination procedures, as established by the Federal Financial Institutions Examination Council ("FFIEC"). These procedures evaluate a bank's CRA performance pursuant to the following criteria: LTD Ratio, Assessment Area Concentration, Geographic Distribution of Loans, Borrower Characteristics, and Response to CRA-Related Complaints.

Data reviewed included all originated home mortgage loans reported on the Bank's Home Mortgage Disclosure Act ("HMDA") loan application registers ("LARs") for 2011 and 2012. The LARs contain data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 187 loans totaling approximately \$20.2 million in 2011 and 254 loans totaling \$39.4 million in 2012. The Bank's home mortgage lending performance was compared against 2011 aggregate lending data. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the Bank's assessment area. The evaluation focused on lending performance in 2011, as aggregate data for 2012 was not yet available. The Bank made no small farm or small business loans during the evaluation period. Neither portfolio was considered in the analysis.

While the evaluation discusses the total dollar amounts of loans, conclusions are primarily based on the Bank's lending performance by the number of loans originated or purchased. The number of loans correlates more closely with the number of individuals that obtained loans. Extremely large or small dollar loans could skew conclusions.

Demographic information from both the 2000 and 2010 United States ("U.S.") Census was referenced in this evaluation. Lending data from 2011 was compared to 2000 U.S. Census data, while 2012 lending data was compared to 2010 U.S. Census data. Information from the 2010 U.S. Census was not available until 2012. Demographic information in the Performance Context section of the evaluation is based on the 2010 U.S. Census. Financial data was generally obtained from the March 31, 2013 Call Report.

PERFORMANCE CONTEXT

Description of Institution

Equitable Co-operative Bank is a mutually owned, State-chartered financial institution. The Bank is headquartered at 400 Broadway in Lynn, Massachusetts, a middle-income census tract. There is an additional full-service branch located at 28 Nahant Road in Nahant, Massachusetts, an upper-income tract. A 24-hour Automated Teller Machine (ATM) is located at 917 Lynnfield Avenue, Goodwin Circle, Lynn, Massachusetts, which is an upper-income tract.

The primary business focus of Equitable Co-operative Bank is to provide for the credit and deposit needs of the surrounding communities. The Bank offers 24-hour online banking and domestic wire transfers for personal as well as business purposes. The Bank also offers a 24-hour telephone branch service allowing customers to monitor their account status, transfer funds between accounts, and inquire about interest rates and other Bank information. The operating hours of the main office and branch are reasonable and convenient.

As of March 31, 2013, assets totaled \$100.2 million. Total loans, as of this date were \$63.1 million, or 63.0 percent of total assets. Since the previous examination, the Bank made a strategic shift to focus primarily on originating 1-4 family owner-occupied mortgages. One-to-four family residential loans accounted for 86.0 percent of the Bank's loan portfolio. Please refer to Table 1 for further information regarding the composition of the loan portfolio.

Table 1 – Loan Portfolio Distribution as of March 31, 2013		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans
Loans Secured by Real Estate		
Construction, Land Development, and Other Land Loans	699	1.1
Secured by Farmland (Including Farm Residential and Other Improvements)	0	0.0
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	3,273	5.2
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	50,696	80.3
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Junior Liens	313	0.5
Secured by Multi-Family (5 or more) Residential Properties	1,713	2.7
Secured by Nonfarm Nonresidential Properties	4,590	7.3
Loans to Finance Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial	422	0.7
Loan to Individuals for Household, Family, or Other Personal Expenditures (Consumer Loans)	1,419	2.2
TOTAL LOANS	63,125	100.0

Source: March 31, 2013 Call Report

The most recent CRA evaluation conducted by the FDIC on April 28, 2008 resulted in an overall rating of "Satisfactory." The most recent CRA evaluation conducted by the Division on August 16, 2010 also resulted in an overall rating of "Satisfactory." There appear to be no financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires the designation of one or more assessment areas within which a financial institution's record of helping to meet the credit needs of its community will be evaluated. Generally, an assessment area should consist of Metropolitan Statistical Areas ("MSAs"), Metropolitan Divisions ("MDs"), or contiguous political subdivisions, such as counties, cities, or towns. The Bank has one designated assessment area that conforms to CRA requirements as it consists of whole geographies, does not arbitrarily exclude low- or moderate-income areas, does not extend beyond state boundaries, and does not reflect illegal discrimination.

Geographies

The Bank's assessment area consists of the following towns and cities: Lynn, Nahant, Peabody, and Swampscott. The towns of Peabody and Swampscott were added to the assessment area since the previous examination. All of the communities are located in Essex County, which is part of the Peabody MA-MD (#33764).

The *Geographic Distribution* section of the evaluation assesses the distribution of loans by census tract income level, especially in those designated low- and moderate-income. Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MD in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent but less than 80 percent of MFI

Middle-Income: At Least 80 percent but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

Based on 2010 U.S. Census data, there are 8 low-income tracts, 12 moderate-income tracts, 10 middle-income tracts, and 5 upper-income tracts. The area's census tract composition changed since the previous evaluation due to the most recent U.S. Census. The number of census tracts increased from 34 to 35. The number of low- and upper-income tracts increased while the number of middle- and moderate-income tracts decreased.

Table 2 contains pertinent demographic information concerning the assessment area.

Table 2 – Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	35	22.8	34.3	28.6	14.3
Population by Geography	158,777	18.0	31.6	36.4	14.0
Owner-Occupied Housing by Geography	35,508	6.5	26.5	47.1	19.9
Distribution of Families by Income Level	39,295	29.9	18.5	20.6	31.0
Assessment Area Median Family Income (MFI)	\$69,302	Median Housing Value		\$353,953	
MD #37764 MFI, 2011	\$86,200				
MD #37764 MFI, 2012	\$87,300	Unemployment Rate		8.2%	
Families Below Poverty Level	10.3%				

Source: 2010 U.S. Census; 2011 and 2012 HUD Estimated Median Family Incomes

Median Family Income Levels

The analysis under the *Borrower Characteristics* section of the evaluation is based on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2000 and 2010 U.S. Censuses that have been annually adjusted by the Department of Housing and Urban Development (HUD) for inflation and other economic events. The estimated 2011 and 2012 MFI figures for the Peabody, MA MD are listed in Table 2.

The analysis of the Bank's home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 2 reveals there is a balanced representation of families from each income category. Low- and moderate-income families represent 48.4 percent of all families in the assessment area. Of all the families in the assessment area, 10.3 percent are below the poverty level.

Housing Characteristics

Table 2 also illustrates the distribution of owner-occupied housing units by census tract income level. Owner-occupied housing units in the assessment area are heavily concentrated in middle-income census tracts. Only 6.5 percent of total owner-occupied units are in the low-income tracts. This limits opportunities to make home mortgage loans in low-income census tracts.

Unemployment Data

The unemployment rate in the assessment area was 8.2 percent based on the 2010 U.S. Census Data. State and county unemployment rates were obtained from the Bureau of Labor Statistics. The Massachusetts unemployment rate was 7.3 percent in 2011 and 6.7 percent in 2012. The Essex County unemployment rate was 7.7 percent in 2011 and 7.1 percent in 2012. Municipal unemployment rates were obtained from the Massachusetts Executive Office of Labor and Workforce Development. The May 2013 unemployment rates ranged from a low of 5.6 percent, which was in Swampscott, to a high of 7.9 percent in Lynn.

Competition

The Bank faces strong competition from other financial institutions that originated home mortgage loans within the assessment area. These institutions range in size and type from small credit unions and mortgage companies to large national banks. Among the more prominent lenders competing with Equitable Co-operative Bank are Bank of America, N.A.; Wells Fargo Bank, N.A.; and GMAC Mortgage LLC. The 2011 Peer Mortgage Data shows that 243 lenders originated 5,743 residential mortgage loans in the Bank's assessment area. Equitable Co-operative Bank ranked 15th with a 1.5 percent market share. The Bank does not purchase loans, but many of the large national banks ranked ahead of the Bank purchased large pools of residential loans.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. For purposes of this evaluation, information provided by one such contact was referenced in preparing this evaluation.

An interview was conducted with a local housing authority. This organization has a mission of assisting low- and moderate-income families and individuals with safe and affordable housing.

The contact indicated the need for financial literacy training, first-time homebuyer workshops, and credit repair programs. The community is in need of volunteers who would be willing to utilize their financial expertise to shape financial literacy and first-time homebuyer programs in ways that fit clients' needs. There is also a need for local financial institutions to offer flexible lending programs that would allow individuals to rebuild credit. Overall, the contact noted that local financial institutions have been responsive to the credit needs of the community.

CONCLUSIONS REGARDING PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and its reasonableness. The Bank's LTD ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio since the previous FDIC CRA evaluation was 80.8 percent. The Bank's net LTD ratio as of March 31, 2013, was 76.0 percent.

Growth patterns of loans and deposits were also analyzed to assess changes in the net LTD ratio over the course of the review period. Net loans (total loans net of unearned income and allowance for loan losses) generally increased during the review period. Net loans were reported the highest at \$68.5 million as of June 30, 2013, and the lowest at \$54.8 million as of June 30, 2008. Total deposits also increased during the review, from a low of \$70.1 million as of June 30, 2008 to a high of \$84.0 million as of June 30, 2012. The net LTD ratio fluctuated throughout the review period, peaking at 84.5 percent as of March 31, 2012, and falling slightly during the following year.

The Bank's average net LTD ratio was compared to the average net LTD ratios of three other locally-based, similarly situated depository institutions utilizing the period of March 31, 2008 to March 31, 2013. Each institution is headquartered in Essex County, had similar loan product distribution, and had total assets between \$70 million and \$187 million as of March 31, 2013. The Bank ranked second when compared to the other banks' average net LTD ratios.

The Bank sells a significant number of residential loans in the secondary market. According to the Bank's LARs, the Bank sold 128 loans totaling \$31.2 million from 2011 through 2012. Sold loans are not reflected in the net LTD ratio, which further supports that the Bank's performance is reasonable under this criterion.

Table 3 – Loan-to-Deposit Comparison		
Bank Name	Total Assets \$(000) as of 3/31/13	Average Net LTD Ratio (%)
Marblehead Bank	186,727	96.9
Equitable Co-operative Bank	100,170	80.8
Methuen Co-operative Bank	90,890	69.2
Merrimac Savings Bank	70,230	64.9

Source: March 31, 2008 through March 31, 2013 Call Reports

Assessment Area Concentration

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area by evaluating the amount of lending conducted within the assessment area. Table 4 portrays the Bank's record of originating loans inside and outside the assessment area during the review period.

Table 4 – Distribution of Home Mortgage Loans Inside and Outside of Assessment Area

Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
2011										
Home Purchase	4	36.4	7	63.6	11	920	35.1	1,700	64.9	2,620
Refinance	59	62.8	35	37.2	94	10,536	62.8	6,254	37.2	16,790
Home Improvement	20	24.4	62	75.6	82	239	31.0	531	69.0	770
Total	83	44.4	104	55.6	187	11,695	58.0	8,485	42.0	20,180
2012										
Home Purchase	9	50.0	9	50.0	18	1,975	44.9	2,428	55.1	4,403
Refinance	84	53.5	73	46.5	157	16,748	49.7	16,930	50.3	33,678
Home Improvement	26	32.9	53	67.1	79	750	55.7	596	44.3	1,346
Total	119	46.9	135	53.1	254	19,473	49.4	19,954	50.6	39,427
Total Home Mortgage	202	45.8	239	54.2	441	31,168	52.3	28,439	47.7	59,607

Source: 2011 and 2012 HMDA LARs

A majority of the Bank's residential loans, by number, were outside the designated assessment area. In terms of the dollar amount of loans originated by the Bank, a slight majority was inside the assessment area. As shown in Table 4, the Bank made 45.8 percent of its total home mortgage loans, by number, and 52.3 percent, by dollar amount, inside the assessment area. Since the previous examination, the Bank expanded its product offering and increased its residential lending staff as part of a strategic shift to focus on its mortgage business. As a result, the volume of home mortgage loans, both inside and outside the assessment area, increased considerably in 2012.

A high percentage of home improvement loans were made outside of the assessment area in both 2011 and 2012. The Bank is involved with the Mass Save HEAT loan program that provides customers with zero percent loans to assist with the installation of energy efficient improvements in their homes. A substantial portion of these loans were made outside of the designated assessment area. If these loans were removed from the analysis, the Bank originated 57.5 percent of its loans in the assessment area in 2011, 53.1 percent in 2012 and 54.8 percent overall. A majority of refinance loans were made within the assessment area in both years.

The dollar volume increased significantly for each loan purpose in 2012, both inside and outside the assessment area. Most notably, the dollar volume of refinances more than doubled. The percentage of loans inside the assessment area, by dollar volume, decreased from 2011 to 2012.

The Bank's lending was compared to that of all lenders in the assessment area subject to HMDA. The institution ranked 15th out of 243 lenders in the assessment area in 2011, capturing 1.5 percent of the market share. Of the institutions that outranked Equitable Co-operative Bank, only one was a community bank. This institution was significantly larger than Equitable Co-operative Bank.

Geographic Distribution

Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. This conclusion was primarily based on the Bank's distribution of loans in low- and moderate-income (LMI) census tracts. Table 5 presents the Bank's home mortgage lending performance by number of loans in 2011 and 2012, as well as aggregate market

data for 2011. Table 5 also includes the percentage of owner-occupied housing units for each census tract income level for comparison purposes.

Table 5 – Distribution of Home Mortgage Loans by Census Tract Income Level							
Census Tract Income Level	% of Total Owner-Occupied Housing Units (2000 U.S. Census)	2011 Aggregate Lending Data (% of #)	2011 Bank		% of Total Owner-Occupied Housing Units (2010 U.S. Census)	2012 Bank	
			#	%		#	%
Low	2.7	2.4	0	0.0	6.5	2	1.7
Moderate	23.1	18.8	14	16.9	26.5	21	17.6
Middle	52.6	53.1	39	47.0	47.1	39	32.8
Upper	21.6	25.7	30	36.1	19.9	57	47.9
Total	100.0	100.0	83	100.0	100.0	119	100.0

Source: 2000 and 2010 U.S. Census Data; 2011 and 2012 HMDA Data

As revealed in Table 5, the Bank did not make any home mortgage loans in the low-income tracts in 2011. It should be noted that there are limited opportunities to make loans in these tracts, as only 2.7 percent of owner-occupied housing units are in the area. Additionally, the aggregate made only 2.4 percent of its loans in the low-income tracts. Market share reports illustrate the high level of competition that exists in the area, as 46 lenders made a total of 135 loans in the low-income tracts in 2011.

The Bank originated a slightly lower percentage of loans in moderate-income tracts compared to the aggregate market in 2011. Competition was also heavy in these geographies as 131 lenders made a total of 1,079 home mortgage loans in 2011. According to market share reports, the Bank ranked 18th with a 1.3 percent market share in these tracts. The Bank's performance was below demographic indicators as well, as 23.1 percent of owner-occupied housing units were in moderate-income tracts. The majority of loans were made within middle- and upper-income census tracts, which is in line with the performance of aggregate lenders.

Equitable Co-operative Bank improved its lending in low-income tracts in 2012. However, this performance is tempered by demographic shifts observed as a result of the 2010 U.S. Census. The number of low-income tracts in the assessment areas increased from 4 in 2011 to 8 in 2012, increasing opportunity for loans in these areas. The Bank improved its lending to moderate-income tracts in 2012, despite the number of moderate-income tracts decreasing from 14 in 2000 to 12 in 2010. The Bank's performance in upper-income tracts increased while performance in middle-income tracts decreased. Again, this trend is consistent with demographic shifts associated with the 2010 U.S. Census.

Borrower Characteristics

Overall, the distribution of borrowers, given the demographics of the assessment area, reflects a reasonable penetration among individuals of different income levels (including LMI). This conclusion was primarily based on Equitable Co-operative Bank's reasonable distribution of home mortgage loans to LMI individuals. Borrower incomes for loans reported in 2011 and 2012 were compared to the MFI of the Peabody MD (#33764). Table 6 shows the Bank's loans by borrower income level in 2011 and 2012. Table 6 also includes the distribution of families by income level using the appropriate U.S. Census data, as well as aggregate market data for 2011.

Table 6 – Distribution of Home Mortgage Loans by Borrower Income Level							
Income Level	% of Total Families (2000 U.S. Census)	2011 Aggregate Lending Data (% of #)	2011 Bank		% of Total Families (2010 U.S. Census)	2012 Bank	
			#	%		#	%
Low	24.9	7.2	2	2.4	29.9	4	3.4
Moderate	19.4	21.6	19	22.9	18.5	28	23.5
Middle	22.6	23.8	25	30.1	20.6	32	26.9
Upper	33.1	29.4	37	44.6	31.0	55	46.2
Income NA	0.0	18.0	0	0.0	0.0	0	0.0
Total	100.0	100.0	83	100.0	100.0	119	100.0

Source: 2000 and 2010 U.S. Census Data; 2011 and 2012 HMDA Data

Equitable Co-operative Bank's distribution of loans to low-income borrowers was below the aggregate market in 2011. The Bank's performance was less than the percentage of low-income families in the assessment area. According to the 2000 U.S. Census data, 34.6 percent of low-income families in the assessment area are below the poverty level and 39.7 percent of the housing units are rental properties. A high poverty level and the general availability of rental units in the assessment area can serve as mitigating factors for an institution's inability to originate a high percentage of home mortgage loans to low-income families. The Bank ranked 51st in lending to low-income borrowers in the assessment area, and achieved a market share of 0.5 percent. In 2012, the Bank's performance in lending to low-income borrowers improved slightly.

The Bank's distribution of loans to moderate-income borrowers was slightly above the aggregate market and the percentage of moderate-income families in 2011. Equitable Co-operative Bank ranked 17th in lending to these borrowers with a 1.5 percent market share. The percentage of loans, and number of loans, to moderate-income borrowers increased slightly in 2012. The Bank's performance in 2012 was above the percentage of moderate-income families.

Management indicated that on June 3, 2013, the Bank was approved as a MassHousing lender, which will enable it to offer a range of mortgage products that will better meet the needs of LMI individuals in the assessment area.

Response to CRA Complaints

The Bank did not receive any CRA-related complaints during the evaluation period. It was noted that the Bank maintains adequate procedures to handle complaints, including those related to its CRA performance.

APPENDIX A

Massachusetts Division of Banks Fair Lending Policies and Procedures Review

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

Included in the Bank's Loan Policy are efforts to address the Equal Credit Opportunity Act, the Fair Housing Act, and the Home Mortgage Disclosure Act. Management develops training programs that cover all aspects of the lending process. The Bank has a second review process to ensure that denied applications are in no way the result of discriminatory practices. Additionally, the Bank utilizes an outside compliance consultant conducts fair lending reviews.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 155,223 individuals of which 24.3 percent were minorities. The assessment area's minority and ethnic population was 11.8 percent Hispanic or Latino, 5.6 percent Black/African American, 4.2 percent Asian, 2.6 percent other, and 0.1 percent American Indian/Alaskan Native.

The release of the 2010 U.S. Census Data reveals that the percentage of minorities in the assessment area has increased since the time of the 2000 U.S. Census. Of the 158,777 individuals in the assessment area, 34.5 percent are minorities. The minority and ethnic population breakdown is as follows: 20.6 percent Hispanic or Latino, 6.7 Black/African American, 4.7 percent Asian, 2.4 percent other race, and 0.2 percent American Indian/Alaskan Native.

For 2011 and 2012, the Bank received 282 HMDA-reportable loan applications from within its assessment area. Of these applications, 24 or 8.5 percent were received from minority applicants, of which 14 or 58.3 percent resulted in originations. For the same time period, the Bank also received 8 applications from ethnic groups of Hispanic origin within its assessment area of which 7 or 87.5 percent were originated.

The Bank's level of lending was compared with the aggregate's lending performance levels for 2011. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants.

In 2011, the Bank's performance exceeded that of aggregate lenders for minority applicant levels. The Bank received 11.0 percent of its applications from minorities compared to 6.7 percent from aggregate lenders. The Bank's performance was slightly lower than the aggregate performance for ethnic minorities. The Bank's performance decreased slightly in 2012. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

Table A1 – Minority Application Flow								
RACE	Bank 2011		2011 Aggregate Data		Bank 2012		Bank TOTAL	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	2	1.8	21	0.3	2	1.2	4	1.4
Asian	4	3.7	233	3.0	2	1.2	6	2.1
Black/ African American	3	2.8	184	2.4	5	2.9	8	2.8
Hawaiian/Pac Isl.	0	0.0	9	0.1	0	0.0	0	0.0
2 or more Minority	0	0.0	5	0.1	0	0.0	0	0.0
Joint Race (White/Minority)	3	2.8	66	0.8	3	1.7	6	2.1
Total Minority	12	11.0	518	6.7	12	6.9	24	8.5
White	87	79.8	5,117	65.2	150	86.7	237	84.0
Race Not Available	10	9.2	2,208	28.2	11	6.4	21	7.4
Total	109	100.0	7,843	100.0	173	100.0	282	100.0
ETHNICITY								
Hispanic or Latino	3	2.8	415	5.3	3	1.7	6	2.1
Not Hispanic or Latino	91	83.5	5,160	65.8	154	89.0	245	86.9
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.9	77	1.0	1	0.6	2	0.7
Ethnicity Not Available	14	12.8	2,191	27.9	15	8.7	29	10.3
Total	109	100.0	7,843	100.0	173	100.0	282	100.0

Source: 2011 and 2012 HMDA LAR, 2011 HMDA Aggregate Data

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is reasonable.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 400 Broadway, Lynn, MA 01904."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.